

## Message Text

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ACTION AID-59

INFO OCT-01 NEA-10 ISO-00 EB-08 IGA-02 L-03 CIAE-00

IO-13 ORM-02 DHA-02 CU-02 OMB-01 /103 W

-----260740Z 120375 /14

R 251631Z APR 77

FM AMEMBASSY BEIRUT

TO SECSTATE WASHDC 3797

INFO AMEMBASSY KUWAIT

AMEMBASSY JIDDA

AMEMBASSY ABU DHABI

AMEMBASSY DOHA

C O N F I D E N T I A L BEIRUT 1889

E.O. 11652: GDS

TAGS: EAID LE US

SUBJ: ECONOMIC ASSISTANCE TO LEBANON

1. FOLLOWING SIGNATURE OF PL-480 AGREEMENT MORNING OF APRIL 25 I HAD 45-MINUTE CONVERSATION ON ECONOMIC SUBJECTS WITH PRIME MINISTER HOSS. WE DISCUSSED ARAB AID, TENTS FOR REFUGEES AND AUB PLANNING TEAM.

2. ARAB AID. I ASKED ABOUT STATUS OF ARAB AID FOR LEBANON. HOSS SAID REPRESENTATIVES OF VARIOUS ARAB FUNDS WERE NOW STUDYING SPECIFIC PROJECTS THEY WERE INTERESTED IN FINANCING WITH LONG-TERM LOANS AS FOLLOWS:

(A) ARAB DEVELOPMENT FUND WAS CONSIDERING FINANCING FOURTH BASIN AT THE PORT PLUS ELECTRICITY PROJECTS (IBRD WILL FINANCE MAJOR PORTION RESTORATION OF THIRD BASIN). (B) KUWAIT FUND WAS INTERESTED IN REPAIR OF GRAIN SILO AND IN AIRPORT MODERNIZATION AND EXPANSION. (CANADIANS HAD MADE VERBAL OFFER TO REPAIR GRAIN SILO FREE OF CHARGE, BUT LEBANESE STILL WAITING FOR FOLLOW-UP FROM THEM AND WOULD  
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SOON HAVE TO DECIDE WHETHER TO GO TO KUWAITIS.)

(C) SAUDI FUND WAS LOOKING AT INFRASTRUCTURE PROJECT FOR DOWNTOWN BEIRUT TO VALUE OF ABOUT \$330 MILLION.

(D) ABU DHABI FUND WAS TO BE APPROACHED ABOUT FINANCING REPAIR OF ROAD NETWORK.

3. OFFICIALS MEETING AT RIYADH (SEE BEIRUT 1542) HAD

ALSO GIVEN VERBAL AGREEMENT TO RECOMMEND TO THEIR GOVERNMENTS EXTENSION OF LINE OF CREDIT WHICH COULD BE USED BY LEBANESE DEVELOPMENT BOARD TO FINANCE PRIVATE SECTOR. THIS SORT OF ACTIVITY COULD BE CARRIED OUT BY GOVERNMENTS BUT NOT BY THE FUNDS, ALL OF WHICH WERE ORIENTED TOWARD PROJECT ASSISTANCE. LEBANESE HAD BEEN PROMISED FOLLOW-UP WOULD TAKE PLACE WITHIN TWO WEEKS BUT HAD HEARD NOTHING FURTHER.

4. TENTS. HOSS SAID GOL WAS VERY INTERESTED IN TENTS FROM U.S. STOCKS IN ITALY FOR HOUSING REFUGEES FROM DAMOUR. WHOLE PROCESS OF RESETTLEMENT DEPENDED UPON DAMOUR PROJECT. GOL COULD DO NOTHING ABOUT OTHER DISPLACED PEOPLE UNTIL IT GOT PALESTINIANS OUT OF THAT VILLAGE. I SAID WE HAD RECEIVED URGENT CALL FROM MINISTER OF SOCIAL WELFARE TWO WEEKS AGO ON SUBJECT AND HAD MOVED HEAVEN AND EARTH TO GET RESPONSE SAYING WE WOULD DONATE 500 AND SELL 500 TENTS. THIS HAD BEEN COMMUNICATED TO MINISTER IMMEDIATELY BUT WE HAD NO FOLLOW-UP FROM HIM AND WE WONDERED WHETHER GOL WAS STILL INTERESTED IN THE TENTS. HE SAID IT WAS AND HE WOULD HAVE MINISTER GET IN TOUCH WITH ME. (HE TRIED TO GET RIZK BUT COULD NOT GET OUTSIDE LINE. THAT'S LIFE IN LEBANON.)

5. HOSS SAID GOL AND UNRWA WOULD BE PUTTING PALESTINIANS IN TENTS INITIALLY BUT THEN WOULD HOPE TO BUILD PERMANENT QUARTERS FOR THEM. LATTER WOULD COST ABOUT \$10 MILLION. THIS WAS UNRWA RESPONSIBILITY  
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BUT HE REALIZED THAT UNRWA DID NOT HAVE READY CASH AVAILABLE. HE ASKED WHETHER I THOUGHT IT WOULD BE GOOD IDEA TO LEND UNRWA MONEY OUT OF HOUSING AID LEBANESE WERE GETTING FROM SAUDIS AND KUWAITIS. I SAID I DID NOT KNOW WHETHER UNRWA COULD OR WOULD BORROW.

6. AUB PLANNING TEAM. HOSS ASKED IF I WAS FAMILIAR WITH PROPOSAL PUT FORTH BY AUB TO CREATE PLANNING TEAM TO HELP WITH RECONSTRUCTION OF LEBANON (BEIRUT 1796). I SAID WE HAD SEEN THE PROPOSAL AND, WHILE IT SOUNDED LIKE A GOOD IDEA, THE LACK OF DETAILS MADE ME WONDER JUST HOW CAREFULLY IT HAD BEEN THOUGHT OUT. IN PARTICULAR, I DID NOT UNDERSTAND WHERE THE FINANCING WAS TO COME FROM. HOSS SAID GOL WAS INTERESTED IN PROPOSAL BUT TEAM WOULD HAVE TO WORK WITHIN FRAMEWORK OF DEVELOPMENT BOARD AND NOT INDEPENDENTLY.  
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## Message Attributes

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**Review Markings:**  
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